

UNITED STATES OF AMERICA
BEFORE
THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, D.C.

STATE OF OHIO DIVISION OF FINANCIAL INSTITUTIONS
COLUMBUS, OHIO

_____)	
Written Agreement by and among)	
)	
COMMUNITY FIRST BANK)	Docket No. 02-017-WA/RB-SM
AND TRUST)	
Celina, Ohio)	
)	
FEDERAL RESERVE BANK)	
OF CLEVELAND)	
Cleveland, Ohio)	
)	
And)	
)	
STATE OF OHIO DIVISION OF)	
FINANCIAL INSTITUTIONS)	
Columbus, Ohio)	
_____)	

WHEREAS, in recognition of the common goal of the Board of Governors of the Federal Reserve System (the "Board of Governors"), the State of Ohio Division of Financial Institutions (the "Division"), and Community First Bank and Trust, Celina, Ohio, (the "Bank"), a state chartered bank that is a member of the Federal Reserve System, to maintain the financial soundness of the Bank and ensure the Bank's compliance with all applicable federal and state laws, rules, and regulations, the Bank, the Federal Reserve Bank of Cleveland (the "Reserve Bank"), and the Division have mutually agreed to enter into this Written Agreement (the "Agreement");

WHEREAS, as the result of the identification of deficiencies in its operations, the Bank is taking steps to enhance and improve its policies and procedures for compliance with all applicable laws and regulations, including the Currency and Foreign Transactions Reporting Act (31 U.S.C. 5311 et seq.) and the regulations issued thereunder by the U.S. Department of the Treasury (31 C.F.R. 103.11 et seq.) (collectively referred to as the Bank Secrecy Act (the "BSA")) and the applicable provisions of Regulation H of the Board of Governors (12 C.F.R. 208.62 and 208.63);

WHEREAS, on July 22, 2002, the board of directors of the Bank adopted a resolution authorizing and directing Sam Manufo to enter into this Agreement on behalf of the Bank and consenting to compliance by the board of directors of the Bank, the Bank's institution-affiliated parties, as defined in section 3(u) of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1813(u)), and the Bank's regulated persons, as defined in Ohio Revised Code section 1121.01(A), with each and every provision of this Agreement;

NOW, THEREFORE, the Bank, the Reserve Bank and the Division agree as follows:

1. The Bank and its institution-affiliated parties shall not, directly or indirectly, violate the BSA or Regulation H of the Board of Governors and shall correct all violations cited in the Report of Examination as of April 15, 2002.
2. To assist the Bank to identify and correct all previous violations and to develop policies and procedures designed to ensure future compliance with the BSA, Regulation H of the

Board of Governors, the regulations of the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") (31 C.F.R. 500 et seq.), and all applicable laws and regulations:

(a) Within 20 days of this Agreement, the Bank shall engage the services of a qualified independent firm (the "Consultant"), acceptable to the Reserve Bank and the Division, to assist Bank personnel to conduct a comprehensive review of the Bank's anti-money laundering compliance program and to make recommendations, as appropriate, for new policies and procedures to be implemented by the Bank. The comprehensive review shall include, at a minimum:

(i) a review of the Bank's policies and procedures for compliance with the BSA, Regulation H of the Board of Governors, and OFAC regulations; and

(ii) a forensic review of account records from January 1, 2001, to the present to evaluate compliance with the currency transaction reporting requirements of the BSA and to determine whether any suspicious activity involving accounts or transactions at, by, or through the Bank was properly identified and reported by the Bank in accordance with applicable regulations.

(b) Within 10 days of the engagement of the Consultant, but prior to the commencement of the review, the Bank shall submit to the Reserve Bank and the Division for approval an engagement letter that delineates the scope of the review and the proposed resources to be dedicated to the review. The engagement letter shall specify that the review will be completed within a reasonable time period, not to exceed 60 days. In addition, the engagement letter shall acknowledge that the Consultant shall have access to all documents and records necessary to conduct the review and that all information including, but not limited to, work

papers, programs and procedures related to the review shall be provided to the Reserve Bank and the Division by the Consultant upon request.

(c) Upon completion of the review, a copy of the Consultant's report detailing the findings, conclusions, and recommendations of the review shall be provided to the Reserve Bank and the Division.

(d) Upon completion of the review, the Bank shall ensure that all transactions previously required to be reported have been reported in accordance with applicable regulations and guidelines.

3. Within 30 days of the completion of the Consultant's report required by paragraph 2 hereof, the Bank shall submit to the Reserve Bank and the Division an acceptable BSA compliance program as required by Regulation H of the Board of Governors (12 C.F.R. 208.63). The program shall, at a minimum:

(a) establish a system of internal controls to ensure compliance with all provisions of the BSA, including but not limited to, the recordkeeping and reporting requirements for currency transactions of over \$10,000 (31 C.F.R. 103.22) and the exemption procedures for currency transaction reports (31 C.F.R. 103.22);

(b) provide for independent testing of compliance with the BSA and the rules and regulations issued thereunder and ensure that compliance audits are performed frequently, are fully documented, and are conducted with the appropriate segregation of duties;

(c) ensure that the Bank's BSA compliance program is managed by a qualified officer who shall have responsibility for all BSA compliance and related matters, including, without limitation, (i) the identification and timely, accurate and complete reporting to

law enforcement and supervisory authorities of unusual or suspicious activity or known or suspected criminal activity perpetrated against or involving the Bank, and (ii) monitoring the Bank's compliance and ensuring that full and complete corrective action is taken with respect to all previously identified violations and deficiencies; and

(d) provide appropriate training to all affected personnel, conducted by competent staff, which includes all relevant BSA and related requirements with a specific concentration on accurate recordkeeping, form completion and the detection and reporting of known or suspected criminal activity, and ensure that the training is reviewed on a regular basis to ensure that all personnel have the most current and up to date information.

4. Within 30 days of the completion of the Consultant's report required by paragraph 2 hereof, the Bank shall submit to the Reserve Bank and the Division an acceptable enhanced customer due diligence program. The program shall be designed to reasonably ensure the identification and timely, accurate and complete reporting of known or suspected criminal activity against or involving the Bank to law enforcement and supervisory authorities as required by the suspicious activity reporting provisions of Regulation H of the Board of Governors (12 C.F.R. 208.62).

5. Within 30 days of the completion of the Consultant's report required by paragraph 2 hereof, the Bank shall submit to the Reserve Bank and the Division an acceptable written plan designed to ensure compliance with OFAC regulations and any rules and guidelines issued or administered by OFAC. The plan shall include, at a minimum, procedures to ensure that customer transactions are processed in accordance with OFAC requirements and in accordance

with a regularly updated list of entities and individuals whose transactions or assets are required to be blocked, frozen or monitored.

6. The written plan, programs, and the engagement letter required by paragraphs 2, 3, 4, and 5 hereof shall be submitted to the Reserve Bank and the Division for review and approval. An acceptable plan, programs, and engagement letter shall be submitted within the time periods set forth in this Agreement. The Bank shall adopt the approved plan, programs, and engagement letter within 10 days of approval by the Reserve Bank and the Division and then shall fully comply with them. During the term of this Agreement, the approved plan, programs, and the engagement letter shall not be amended or rescinded without the prior written approval of the Reserve Bank and the Division.

7. Within 30 days after the end of each calendar quarter (September 30, December 31, March 31, and June 30) following the date of this Agreement, the board of directors of the Bank shall submit a written progress report to the Reserve Bank and the Division setting forth in detail the actions taken to comply with each provision of this Agreement and the results of those actions. Such reports may be discontinued when the Reserve Bank and the Division, in writing, release the Bank from making further reports.

8. All communications regarding this Agreement shall be sent to:

(a) R. Chris Moore
Senior Vice President
Federal Reserve Bank of Cleveland
P.O. Box 6387
Cleveland, OH 44101-1387

- (b) F. Scott O'Donnell
Superintendent of Financial Institutions
Ohio Division of Financial Institutions
77 S. High Street, 21st Floor
Columbus, OH 43215-6120
- (c) Sam Manufo
Chief Executive Officer
Community First Bank and Trust
2225 North Main Street
P.O. Box 170
Celina, Ohio 45822

9. Notwithstanding any provision of this Agreement to the contrary, the Reserve Bank and the Division may, in their sole discretion, grant written extensions of time to the Bank to comply with any provision of this Agreement.

10. The provisions of this Agreement shall be binding upon the Bank, all of its institution-affiliated parties, in their capacities as such, and their successors and assigns.

11. Each provision of this Agreement shall remain effective and enforceable until stayed, modified, terminated or suspended by the Reserve Bank and the Division.

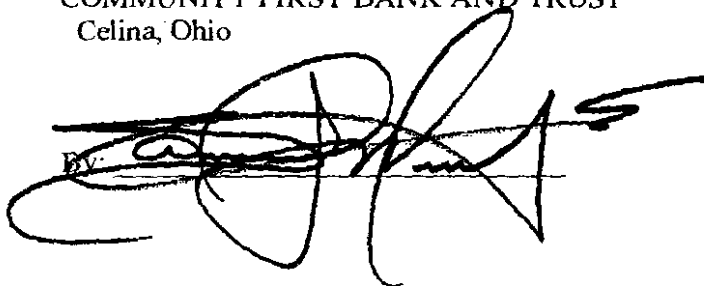
12. The provisions of this Agreement shall not bar, estop, or otherwise prevent the Board of Governors, the Division, or any other federal or state agency from taking any other action affecting the Bank, any of its current or former institution-affiliated parties, or their successors and assigns.

13. This Agreement is a "written agreement" for the purposes of, and is enforceable by the Board of Governors as an order issued under, section 8 of the FDI Act (12 U.S.C. 1818).

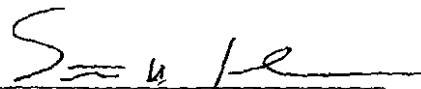
14. This Agreement is a "written agreement" under section 1121.32(A), 1121.33(A)(1)(a)(iv), and 1121.35(B) of the Ohio Revised Code. Violation of a written agreement is grounds for the Division to pursue a cease and desist order, civil money penalties, and/or the removal of any regulated person.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of this 25 day of July, 2002.


COMMUNITY FIRST BANK AND TRUST
Celina, Ohio

By: 

FEDERAL RESERVE BANK OF
CLEVELAND

By: 
Stephen H. Jenkins
Vice President

STATE OF OHIO DIVISION OF
FINANCIAL INSTITUTIONS

By: 
F. Scott O'Donnell
Superintendent of Financial
Institutions